

**THE TRUTH
ABOUT
ARTIFICIAL
INTELLIGENCE**

THE GEORGE GILDER REPORT

The Truth About Artificial Intelligence

These days, everyone believes that artificial intelligence (AI) is the flashy new thing that will change the world and determine the wealth and power of nations.

In Washington, many heavy-breathing fearmongers think that if China takes the lead in AI, it's all over for the US.

That is, unless we fight back with “quantum computing”, or vorpals blades, or 7G wireless, or some other perpetual motion miracle machine.

So when technologist supreme Nick Tredennick enjoys his 5 AM breakfast seance in Santa Cruz with his wizened wise men (the guys who designed the microprocessor chips and contrived the new systems in information technology that made the internet as fashionable as it is), I listen.

In fact, back when these programming giants were just figuring it out, AI was already hatched – and used to frighten little children that there would be no jobs left when they grew up.

Now, with a thousand-fold acceleration of switching speeds on chips and with parallel processing on graphics processors and other devices, the new generation alleges that AI will not only take our jobs, but also blow away our minds.

We'll all be left as mere carbon slaves to AI super brains.

But these pre-chemophobia sages were having none of it. No sooner had we taken our seats in the diner and ordered piles of eggs and bacon, Keith Diefendorff began dissing AI hype.

“AI isn't working for general purpose computing,” he began.

He had been hanging out with guys doing AI research for major companies. “Don't quote me on their names George! But they

are getting nowhere with general purpose tasks.”

The thing is, AI provides answers in niche departments. Important niches, certainly — recognizing faces, interpreting speech, implementing an advertising algorithm. But beyond that niche, they are as at sea as a shark at a chess game.

The uses of AI, in its important niches, have expanded to incorporate much more than terrifying robots threatening to make humans obsolete, or worse, dethrone us as the dominant species.

I’m talking specifically about vertical innovation — now a paradigm for any enterprise that is ambitious enough to fully exploit the abundances of the internet, but constrained by the three great scarcities of security, store-width, and AI.

And because the imperious demand for vertical innovation comes directly from the internet, the first responders are mostly from China — the world’s leading internet economy.

Chinese AI Powerhouse Builds Out the New AI Infrastructure

Companies like Ping An Insurance and Tencent are perfect examples of Chinese innovation built for AI, instead of building their businesses for services using AI.

For example, Ping An doesn’t mention insurance in its mission statement. Nor does it mention its Smart City, finance, healthcare, real estate, or auto platforms. Instead, Ping An’s mission statement promises to leverage:

“World-leading AI, blockchain, and cloud computing technologies to contain costs, boost efficiency, enhance risk management, and improve customer experience.”

The masses of data on which the AI and nearly all Ping An services depend are managed, organized, and retrieved on Ping An’s proprietary cloud storage and computing platforms.

Although cloud storage might seem old hat by now, the reality is a ferocious challenge of creating economical cloud-based storage and retrieval

systems for every industry as data explode.

Thus challenged, Ping An launched its cloud platform, Ping An Cloud, in 2013 for its OneConnect venture, which now serves more than 3,000 financial institutions and some 400 million financial users.

It also designed and launched its own blockchain-based service, since broad-use blockchain is still years away from deployment. Ping An's blockchain and AI applications are for the purposes of consumer comfort and service expedition.

Alibaba, another Chinese company, founder Jack Ma calls AI "clever." It is "knowledge based" or just data-based. Human intelligence is "smart." "Smart is experience-based." AI is just computers and chips, processing fast but actually knowing nothing. "It's logic. But humans are life."

This is the true face of the future of AI — connectivity and in-app use for an ease of experience totally unfamiliar to Westerners at this stage. In fact, the Western fear of AI can definitely be said to have influenced the dearth of AI development in the US.

Mainly, because of a game called Go.

The Genesis of AI Fear

AI gained its reputation by beating chess masters and world Go champions at their forte.

Go is a complex Asian strategy game with unfathomable immensity of possible solutions, comparable to the number of molecules in the Universe.

These successes are believed to portend the creation of superhuman machines that could easily displace human jobs of all kinds with their limited goals and challenges.

Fed with ever bigger data collected by sensory IoT (internet of things) devices, computers will first displace lawyers... then accountants and teachers. Then even sex workers would go.

To observers of such trends, it is easy to imagine a future in which the role of humans steadily shrinks. The basic problem with these ideas is their misunderstanding of what computers do.

Computers shuffle symbols. As philosopher Charles Peirce observed more than a century ago, the links between computational symbols and their objects are indefinite and changing. The map is not the same as the territory.

The links between symbols and objects have to be created by human minds.

Therefore, computations at the map level do not translate to reliable outcomes on the territorial level.

For the game of Go or chess or some routinized task, the symbols and objects are the same. The white and black stones on the Go board or the pieces on the chess board are both symbols and objects at once. The map is the territory.

Actual Reality of AI — Not Virtual

In order to have correspondence between logical systems and real world causes and effects, engineers have to interpret the symbols rigorously and control them punctiliously and continuously.

Because of this major restriction, big data from billions of sensors and sources do not begin to comply with these requirements.

Software maps will never enable a car safely and reliably to drive itself without major hardware advances in vision systems.

And contrary to popular belief, AI will create jobs rather than destroy them, like all computer technology has done throughout history. But because the West remains paranoid and skeptical of AI, they're doubly afraid of China as its global leader.

Even Silicon Valley grandee Thomas Siebel says "we are at war" with China. He's a recent author (and elephant stampede survivor) who believes in AI and that the heavy-duty work required to get it functioning makes human exclusion an impossibility.

Siebel compares AI to the Manhattan Project and groups China with Iran, North Korea, and Al Qaeda as threats.

China, while aiming to dominate world trade and manufacturing, mod-

eled their economy on ours. And like Britain after WWII, China sought a special relationship with us. In the cyberwar that Siebel stresses, we are aggressors as much as they are. Now as they ascend, we need a special relationship with them.

We cannot “win” anything against China unless they also win. We also cannot “win” if we continue to stultify AI development in the West because we’re afraid of science fiction becoming reality.

AI can not code itself. Only people can do that.

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